

of national officers, and the imprint of the national seal authenticating the declaration borne on each that it is secured by bonds which represent the faith and capital of the whole country, could not fail to make every note as good in any part of the world as the best known and best esteemed national securities.¹

The time was more nearly ripe for such a device than in the preceding session, and a bill was promptly introduced in the House by Mr. Hooper of Boston, who had given much attention to the subject during the summer. Senator Sherman introduced a similar measure in the upper branch, which was passed and went to the House on February 12th. Much of the argument in the Senate was based upon the fact that the existing banks were increasing their circulation, without the restraining influence of specie payments, and were using the constantly swelling volume of government paper money as a means of redemption. The debate in the House was opened by Mr. Spalding of New York, who had enjoyed the doubtful honor of fathering the legal tender law. The bill passed the Senate by a vote of 23 to 21 ; passed the House on February 20th by a vote of 78 to 64, and received the signature of the President on February 25, 1863. The measure proved to be defective in some of its details, however, and was superseded by the Act of June 3, 1864. Banks to the number of 134 had been organized when the Comptroller of the Currency made his first report in November, 1863, but no notes appeared until late in December. The system was hardly in operation, therefore, until the war was within a year of its end, but the fact that it had been authorized undoubtedly contributed to create a market for securities and to maintain their price.

The essential feature of the new banking law, so far as concerns circulation, was the provision that circulating notes should be issued by the Comptroller of the Currency upon deposits of United States bonds, to the amount of ninety per cent, of the face value of the bonds. No bank could be organized with a less capital than \$100,000, except in places with a population not exceeding six thousand, where a

¹ *Report on the Finances* ^ 1862, 18.